

ARGONNE NATIONAL LABORATORY

9700 South Cass Avenue, Argonne, Illinois 60439

Connie S. Markiewicz
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February 13, 2004

Thomas Foley
Acting Chief Financial Officer
Chicago Operations Office
U.S. Department of Energy
9800 S. Cass Avenue
Argonne, Illinois 60439

Dear Tom:

Subject: FY-2004 Indirect Rates

The following indirect pricing rates have been approved by Laboratory Management and will be used retroactive to October 1, 2003:

Materials & Subcontracts	6.4%
Service Centers	19.6%
Common Support	25.7%
General & Administrative	2.6%

Detail of the rates is attached in accordance with the Guiding Financial Principles Agreement of April 1997. Feel free to call me if you have any questions.

Sincerely,



Connie S. Markiewicz
Assistant CFO, Budget Management

csm

Attachment

cc: M. E. Bartos
R. Wunderlich, DOE-AAO
M. Straka, DOE-CH

(B)

ARGONNE NATIONAL LABORATORY ALLOCABLE COST POOLS AND DISTRIBUTION BASES

INDIRECT EXPENSE – All rates are applied to operating, capital equipment, and construction costs based on the type of cost incurred.

Materials and Subcontracts

Pool: Cost of Procurement, Portion of Accounts Payable, Materials Handling costs (Shipping, Receiving, and Inspection), Stores, Property, Materials Ordering System.

Base: Costs of centrally procured materials, supplies, and services/subcontracts by the direct programs.

Rate: Standard – 6.4%

Service Center Support

Pool: Pool is derived from determining percentage of service center costs that are split between common support and Materials and Subcontracts. This is necessary since all indirect rates apply to end program accounts only; service centers are an intermediate step in the distribution process and when their cost is applied to end accounts it carries one specific cost element type which does not differentiate between labor and non labor costs, hence the need for a weighted average rate. This specific service center cost element type has applied to it this weighted average ratio of Common Support rate and Materials and Subcontract rate based on the percentage split previously mentioned and this generates a pool of cost recovered. This service center pool recovery, in turn, offsets (reduces) the effective dollars to recover for Common Support and Materials and Subcontract pools.

Base: Service center costs incurred by the direct programs.

Rate: Standard – 19.6%

Common Support

Pool: Costs of the Grounds Dept., Medical Dept., Human Resources, Food Services, Travel, Safety and Emergency Systems, National Security, Office of Project Management, Communications and Public Affairs, Management Fee/Allowances, Liability insurance and Taxes, EQO/QA Oversight, Fire Dept., Technical Information Services, similar ANL-West activities, Technology Transfer, Information Technology, education/outreach activities, ESH projects, site support projects, and other Laboratory general and discretionary expenses such as LDRD.

Base: "Value Added" Costs –

- Excludes all Materials and Subcontract related elements of cost
- Excludes all Service Center related elements of cost
- Excludes User Machine electricity costs

Rate: Standard – 25.7%

General and Administrative

Pool: Costs of the CFO Office, Accounting (excluding the portion of Accounts Payable in Materials and Subcontracts pool), Budget Office, Office of the Director, Chief Operations Office, Internal Audit, Legal Department.

Base: All costs including capital funds, and the indirect pools mentioned above.

Rate: Standard – 2.6%

ARGONNE NATIONAL LABORATORY
9700 SOUTH CASS AVENUE, ARGONNE ILLINOIS 60439

April 28, 2004

T. Foley, Acting Chief Financial Officer
Chicago Field Office
U. S. Department of Energy
9800 South Cass Avenue
Argonne, IL 60439

Subject: ANL Quarterly Overhead Review Submission

Dear Mr. Foley:

The attached documents are Argonne National Laboratory's submission to satisfy the quarterly overhead review requirements for October 2003 through March 2004.

The information on the attached schedules reflects the approved FY04 budgets and cost. The indirect spending was \$2.1M under budget, which represents a favorable variance of -4.8%.

Year-to-date Estimate	\$44.1 M
Year-to-date actual	\$42.2M
Variance	\$- 2.1 M
Percent (variance to estimate)	-4.8%

If you have any questions, please call me on extension 2-6854.

Sincerely,



Connie S. Markiewicz
Assistant Chief Financial Officer

CSM/pw
Attachments

cc: R. Wunderlich, DOE-AAO
M. Straka, DOE-CH
M. Sunderland, DOE-CH
M. Bartos
M. Derbidge
BUD File (CSM,DLK,PW)

**ARGONNE NATIONAL LABORATORY
FY 2004 OVERHEAD STATUS REPORT
(\$ in thousands)**

<u>INDIRECT COST CENTERS</u>	Estimated Annual Plan	Oct-Mar Estimate	Oct-Mar Actual	
PLANT FACILITIES & SERVICES (C/C 224,236,315,503)	\$6,441	\$3,221	\$3,235	
EQO/ENVIRONMENT, SAFETY & HEALTH (C/C 331,514)	\$6,113	\$3,057	\$3,102	
HUMAN RESOURCES (C/C 148, 410)	\$4,857	\$2,429	\$2,454	
CHIEF FINANCIAL OFFICER (C/C 319,322,400,401,403, 404)	\$9,325	\$4,663	\$4,292	
COMPUTING & INFORMATION SOLUTIONS (C/C 250, 268)	\$6,743	\$3,372	\$3,202	
GENERAL MANAGEMENT/STAFF (C/C 201,202,203,204,275)	\$11,181	\$5,581	\$5,564	
OTHER ORGANIZATIONS (C/C 161,208,276,414)	\$4,787	\$2,394	\$2,078	
LABORATORY GENERAL EXPENSE (C/C 200*)	\$10,120	\$3,896	\$4,358	
FIXED CHARGES/MISC INCOME (C/C 610,699)	\$5,308	\$2,654	\$2,502	
ARGONNE WEST (C/C 530,531,533,534,536,537,538,548,559)	\$8,282	\$4,141	\$3,656	
TOTAL ANL OVERHEAD	\$73,137	\$35,405	\$34,443	
MISSION TECHNOLOGY DEVELOPMENT (C/C 294, 200*)	\$28,270	\$8,684	\$7,764	
TOTAL	\$101,407	\$44,089	\$42,207	
ESTIMATES	1ST QUARTER \$19,748	2ND QUARTER \$44,089	3RD QUARTER \$69,916	4TH QUARTER \$101,407

* C/C 200 Sustaining Partnerships, OTT and Super Post Doc program are reported under Mission Technology Development.

FY 2004 INDIRECT EXPENSE
Fiscal Year Cost through March

	<u>COST</u>
	<u>\$K</u>
ARGONNE EAST	
PLANT FACILITIES & SERVICES	
224 Food Services	235
236 Fire Department	1,011
315 Materials Services	1,219
503 Grounds	<u>770</u>
TOTAL PFS	3,235
 EQU/ES&H	
331 ESH/QA Oversight	2,681
514 Safety Emergency Systems	<u>422</u>
TOTAL ES&H	3,102
 HUMAN RESOURCES & MEDICAL	
148 Medical	705
410 Human Resources	<u>1,749</u>
TOTAL HR	2,454
 OFFICE OF THE CHIEF FINANCIAL OFFICER	
319 Travel Office	299
322 Procurement	1,839
400 Office of Chief Financial Officer	162
401 Accounting	1,429
403 Budget	427
404 Property & Inventory Management	<u>136</u>
TOTAL OCF	4,292
 COMPUTING & INFORMATION SOLUTIONS	
250 Customer Service & Mobile Computing Solutions	1,185
286 Software Development & Web Solutions	<u>2,018</u>
TOTAL CIS	3,202
 GENERAL MANAGEMENT/STAFF	
201 Office of the Director	2,515
202 Office of Chief Operating Officer	343
203 Internal Audit	307
204 Legal	1,484
275 Office of Public Affairs	<u>916</u>
TOTAL GENERAL MANAGEMENT/STAFF	5,564
 OTHER ORGANIZATIONS	
161 Technical Information Services	1,381
208 Office of Project Management	108
276 National Security	589
414 Employee Recreation	<u>20</u>
TOTAL OTHER ORGANIZATIONS	2,078
 LABORATORY GENERAL EXPENSE & LDRD	
200 General Laboratory Expense *	4,358
* Less Sustaining Partnerships, OTT, Super Post Doc Program which are all included in Mission Technology Development	
294 Mission Technology Development *	<u>7,764</u>
TOTAL LABORATORY GENERAL EXPENSE & LDRD	12,122
 FIXED CHARGES/MISC INCOME	
610 Fixed Charges	3,209
690 Miscellaneous Income	<u>-707</u>
TOTAL FIXED CHARGES/MISC INCOME	2,502
 TOTAL ARGONNE EAST	 38,551

FY 2004 INDIRECT EXPENSE
Fiscal Year Cost through March

	<u>COST</u>
	<u>\$K</u>
ARGONNE WEST	
530 Nuclear Program Services	545
531 Human Resources	273
533 Accounting	64
534 Procurement	257
536 Environmental Safety and Health	772
537 Information Services (TIS)	105
538 Materials Services	483
548 General Expense	1,043
550 Food Services	113
TOTAL ARGONNE WEST	<u>3,656</u>
TOTAL INDIRECT EXPENSE	<u>42,207</u>